

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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India

Tree Nuts Annual

2010

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Report Highlights:

India's almond imports for marketing year 2010/11 (August/July) are forecast at a record 56,000 tons (in-shell basis). Despite increasing competition from Australia, Afghanistan, Syria, Iran, and China, demand for U.S. almonds remains strong. Indian walnut production for MY 2010/11 (August/July) is forecast at 38,000 tons (kernel weight basis), up 5 percent over the previous year. Indian walnut exports are forecast to reach 20,000 tons in 2010/11, 2,000 tons below the record reached in 2009/10.

Commodities:

Almonds, Shelled Basis

Production:

India's almond production for marketing year (MY) 2010/11 (August/July) is estimated at 1,200 tons (kernel weight basis). Assuming normal weather conditions, almond production for MY 2011/12 is forecast at 1,100 tons. Indian almonds yields are typically low; ranging from 1,000-1,500 nuts/tree/year; shelling rates vary from 20 to 30 percent for hard shell varieties and 40 percent for thin-shelled varieties.

Consumption:

With steady growth in domestic demand, Indian almond consumption for MY 2010/11 is estimated at 56,000 tons, up from 53,000 tons in the previous year. Assuming competitive prices and normal availability, Indian almond consumption for MY 2011/12 is forecast at 58,000 tons, up 4 percent over MY 2010/11.

Almond consumption in India has grown steadily over the last few years due to competitive prices (vis-à-vis other nuts), growing demand for confectionary, snack and health products, and an increasing awareness of the nutritional and health properties of almonds, particularly with middle class consumers. However, concerns over rising food inflation could temper sales during the Diwali festive season, which is traditionally a period of higher sale volumes.

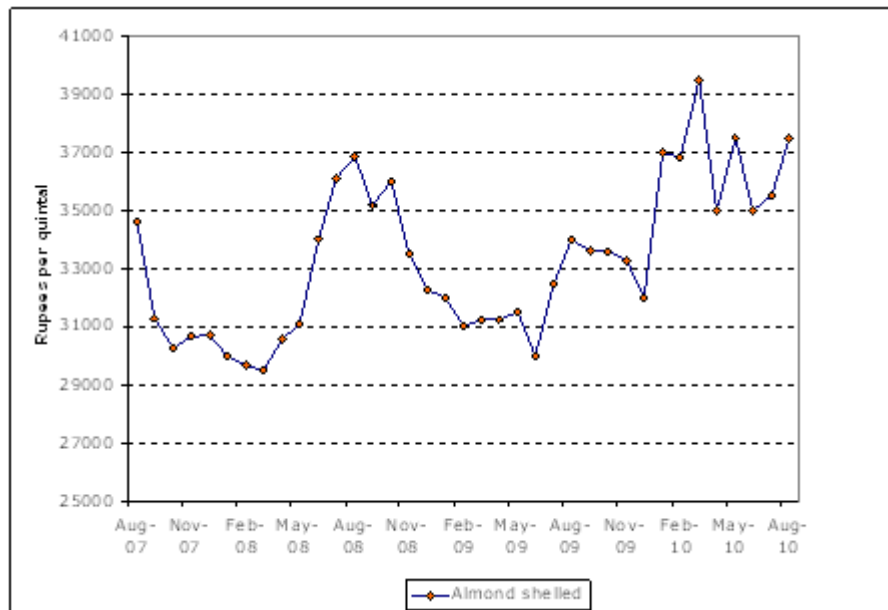
Almonds continue to be one of the most preferred nuts in India. They are traditionally considered a "high energy food," and are especially recommended for children, athletes and recovering patients. The Californian non-pareil almond variety is generally the most competitively priced almond (Table 4). Consumers indicate a preference for this variety on account of its bigger size, uniform 'eye' shape and sweetness. However, non-pareil and carmel varieties from Australia are also finding a growing niche in the market. Other varieties like Mamra/Qumi (an Iranian variety) are traditionally preferred in regions of Rajasthan and Gujarat, often commanding a higher price premium.

As only about 5 percent of almond retail sales are in pack form, most almonds are sold by weight in loose form.

Prices

Starting January, 2010, domestic almond prices remained firm compared to the corresponding period of previous year due to supply concerns. However, prices during the festive season (September 2009 to December 2009) were down 3 percent compared to corresponding period of last year (Chart 1) due to relatively higher volume of stocks carried forward from previous year.

Chart 1: Average Wholesale Prices of Almonds (shelled) in Delhi Wholesale Market



Source: Economic Times and trade sources

Trade:

India's almond imports for MY 2010/11 are forecast at a 56,000 tons (in-shell basis), up 7 percent over the previous year, mainly due to favorable prices. Assuming normal availability and a stable exchange rate, Indian almond imports are forecast to grow by 2,000 tons to 58,000 tons in MY 2011/12. Almond imports for MY 2009/10 reached 52,400 tons, a lower figure than previously estimated.

Indian market demand for almonds is almost entirely met through imports. During MY 2008/09 and MY 2009/10, almond imports from Australia, Afghanistan, Syria, Iran, and China have increased (Table -5). Imports from the U.S. and Australia are mostly in- shell non-pareil, carmel and other varieties that are shelled locally, while imports from other origins are mostly shelled almonds.

Policy:

Trade Policy & Marketing Opportunities

While there are no quantitative restrictions on imports, U.S almonds face a Rs 35/kg tariff for inshell almonds and a Rs. 66.95/kg for shelled almonds (Table 9). India's Plant Quarantine Order 2003 and as amended in 2006 requires phosphine fumigation at origin and its official endorsement in the phyto-sanitary certificate for U.S. almonds.

There are growing marketing opportunities in southern and eastern states of India, particularly in the so-called "second tier cities," that have populations of over 1 million. With increased health awareness among the expanding middle class population, almonds are finding a place in daily diets as healthy snack.

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Almonds, Shelled Basis, PSD

Almonds, Shelled Basis India	2009/2010			2010/2011			2011/2012			
	Market Year Begin: Aug 2009			Market Year Begin: Aug 2010			Market Year Begin: Aug 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	19,000	19,000	19,000			19,000			19,000	(HA)

Area Harvested	17,000	17,000	17,000			17,000			17,000	(HA)
Bearing Trees	1,150	1,150	1,150			1,160			1,160	(1000 TREES)
Non-Bearing Trees	210	210	210			200			200	(1000 TREES)
Total Trees	1,360	1,360	1,360			1,360			1,360	(1000 TREES)
Beginning Stocks	10,140	12,275	12,275			12,775			13,975	(MT)
Production	1,200	1,100	1,100			1,200			1,100	(MT)
Imports	50,000	52,400	52,400			56,000			58,000	(MT)
Total Supply	61,340	65,775	65,775			69,975			73,075	(MT)
Exports	0	0	0			0			0	(MT)
Domestic Consumption	51,000	53,000	53,000			56,000			58,000	(MT)
Ending Stocks	10,340	12,775	12,775			13,975			15,075	(MT)
Total Distribution	61,340	65,775	65,775			69,975			73,075	(MT)
TS=TD			0			0			0	

Commodities:

Walnuts, Inshell Basis

Production:

Assuming normal weather conditions, India's walnut production is expected to reach 38,000 tons (kernel weight basis) in MY 2010/11 (August/July), a 9 percent increase from the last year. As Indian walnut production is at the peak of a production cycle, production is forecast to decline slightly to 36,000 tons in MY 2011/12. Adverse weather conditions could potentially lower this crop estimate by 5 to 20 percent.

India's walnut production areas are mostly confined to Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Long gestation periods, poor orchard management and uneven yields (estimated at 18-50 kg/tree/year with nut sizes varying from 24-32 mm) have kept production almost stagnant. Indian walnuts are classified as hard, medium or thin shell (kaghazi) and the average shelling rate is 40 percent. The typical harvest season runs from the end of August through September, with market arrivals peaking in late October.

Consumption:

With stable supplies and prices, walnut consumption for MY 2010/11 is forecast at 16,500 tons, marginally up over the previous year. Consumption in MY 2011/12 is forecast at 17,000 tons as available stocks and prices remain stable. In MY 2009/10, consumption was 16,000 tons, slightly lower than expected as more production was diverted to export.

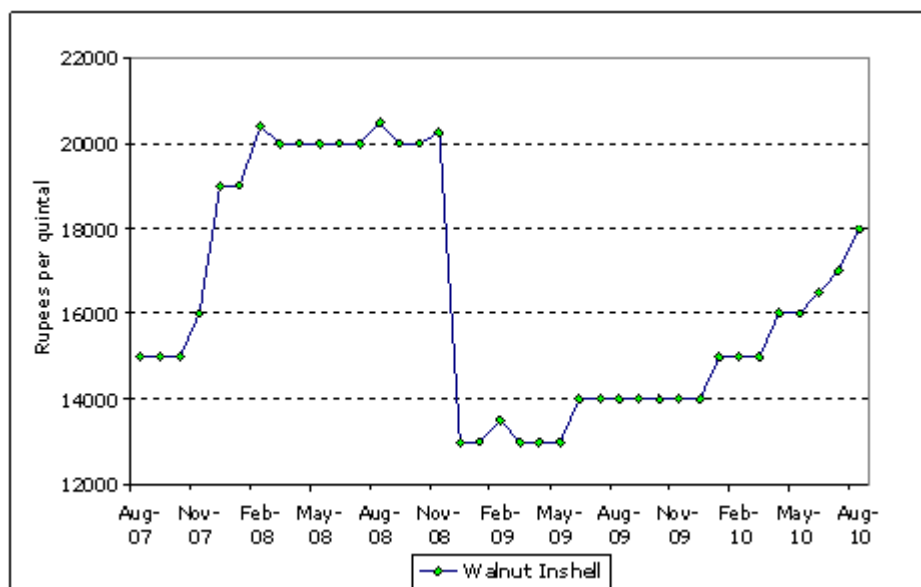
Normally 40 to 50 percent of Indian walnut production is consumed domestically, and nearly half of domestic consumption takes place during the festive season (September-January). Typically, walnuts are consumed domestically in raw form for snacking purposes. Market sources report that there is a growing awareness of the health benefits of walnuts, and with wider use of consumer packaging (vacuum packs), middle class consumers are looking to buy walnuts year round.

According to industry sources, an estimated 10 percent of domestic consumption goes to the bakery, confectionary and ice-cream industries. Roughly 2 to 3 percent of walnuts (typically nuts that are already rancid) are used for oil extraction by soap and cosmetic manufacturers. Major processing facilities for shelling and packing walnuts are found in state of Jammu and Kashmir.

Prices

The domestic prices of walnuts during the festive season (September, 2009 to December, 2009) were down by 25 percent compared to corresponding period last year (Chart 2). However, since January 2010, domestic walnut prices have been relatively firm compared to corresponding period of last year due to strong export demand in 2010.

Chart 2: Average Wholesale Prices of Walnuts (Inshell) in Delhi Wholesale Market



Source: Economic Times and trade sources

Trade:

Indian walnut exports are forecast to reach 20,000 tons in MY 2010/11. Exports will likely remain stable at 20,000 tons in MY 2011/12 as supplies are tight. A depreciating exchange rate, combined with strong international demand, pushed India walnut exports to an historic high of 22,000 tons in MY 2009/10. Major export destinations included Spain, Egypt, China, United Kingdom, France, Germany and Netherlands (Table 8). More than 95 percent of Indian walnuts are exported as kernels (40 percent light halves; 40 percent amber halves/light broken; and the balance as amber halves) in vacuum packs. Market sources report that U.S. (California), Mexico, Ukraine, Chile and China are the major competitors to the Indian walnuts in the E.U.

Policy:

Walnuts are imported into India without quantitative restrictions under the Open General License (OGL). Imports are subject to an effective import duty of 30.9 percent (see tariff table 9) except for imports originating from the South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan. Given a strong domestic production and relatively high tariffs, there are only limited opportunities for importing walnuts.

Production, Supply and Demand Data Statistics:

Table 2: Commodity, Walnut, Inshelled Basis, PSD

Walnuts, Inshell Basis India	2009/2010			2010/2011			2011/2012			
	Market Year Begin: Aug 2009			Market Year Begin: Aug 2010			Market Year Begin: Aug 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	

Area Planted	36,600	36,600	36,600			36,600			36,600	(HA)
Area Harvested	30,800	30,800	30,800			30,800			30,800	(HA)
Bearing Trees	1,400	1,380	1,380			1,400			1,400	(1000 TREES)
Non-Bearing Trees	200	220	220			200			200	(1000 TREES)
Total Trees	1,600	1,600	1,600			1,600			1,600	(1000 TREES)
Beginning Stocks	2,050	2,420	2,420			420			1,920	(MT)
Production	36,000	36,000	36,000			38,000			36,000	(MT)
Imports	0	0	0			0			0	(MT)
Total Supply	38,050	38,420	38,420			38,420			37,920	(MT)
Exports	15,000	22,000	22,000			20,000			20,000	(MT)
Domestic Consumption	21,500	16,000	16,000			16,500			17,000	(MT)
Ending Stocks	1,550	420	420			1,920			920	(MT)
Total Distribution	38,050	38,420	38,420			38,420			37,920	(MT)
TS=TD			0			0			0	

Author Defined:

Table 3: Commodity, Almond, Prices Table

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	per uom	100 Kg
Year	2009	2010	% Change
Jan	32000	37000	16
Feb	31000	36800	19
Mar	31250	39500	26
Apr	31250	35000	12
May	31500	37500	19
Jun	30000	35000	17
Jul	32500	35500	9
Aug	34000	37500	10
Sep	33600		-100
Oct	33600		-100
Nov	33300		-100
Dec	32000		-100
Exchange Rate	Rs 45.91	Local Currency/US \$	
Date of Quote	9/3/09	MM/DD/YYYY	

Source: Economic Times (Average week-end prices in the Delhi Wholesale Market).

Table 4: Wholesale Almond Kernel Prices (Rs/Kg), Delhi Market

Type (Origin)	MY 2009/10	MY 2008/09	MY 2007/08
California almonds	310-370	325-350	350-410
Mamra Almonds (Iran)	800-1100	1000-1200	750-1000
Qumi Almonds (Iran)	500-550	400-500	350-400
Gulbandi Almonds (Afghan)	350	375-425	265-300

Source: Trade sources

Table 5: Commodity, Almond, Import Trade Matrix

Import Trade Matrix				
Country	India			
Commodity	Almonds, Shelled Basis			
Time Period	Sept/Aug		Units:	Metric Tons
Imports for:	2008			2009
U.S.A	39,478		U.S.A	38,152
‘Others’			‘Others’	
Australia	5,285		Australia	9,819
Afghanistan	3,619		Afghanistan	2,307
Iran	825		Syria	948
Syria	540		Iran	790
			China	136
Total for ‘Others’	10,269			14,000
Others not Listed	65			244
Grand Total	49,812			52,396

Source: Estimates derived from official GOI sources (2008/09), trade sources (2009/10) and California Almond Board Statistics (2008/09 and 2009/10).

Table 6: Commodity, Walnut, Price Table

Prices Table			
Country	India		
Commodity	Walnuts, Inshell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2009	2010	% Change
Jan	13000	15000	15
Feb	13500	15000	11
Mar	13000	15000	15
Apr	13000	16000	23
May	13000	16000	23
Jun	14000	16500	18
Jul	14000	17000	21
Aug	14000	18000	29
Sep	14000		-100
Oct	14000		-100
Nov	14000		-100
Dec	14000		-100

Exchange Rate	Rs 45.91	Local Currency/US \$	
Date of Quote	9/3/09	MM/DD/YYYY	

Source: Economic Times (Average week-end prices in the Delhi Wholesale Market).

Table 7: Walnut Prices

PRICE	UNITS	2009/10	2008/09	2007/08
<i>Wholesale Price of FAQ Walnut in Kashmir</i>	(Rs/Kg)	75-50	40-80	85-100
<i>Export Price (C&F Europe)</i>				
1. Light Halves	US\$/MT	6000-8700	4500-8000	6500-8500
2. Light Broken/Amber Halves	US\$/MT	4300-6500	3000-6000	5500-7000
3. Amber Broken	US\$/MT	2800-5000	2200-5000	4500-6000

Source: Market Sources

Table 8: Commodity, Walnut, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Walnuts, Inshell Basis		
Time Period	April-March	Units:	Metric Tons
Exports for:	2008		2009
U.S.A	694	U.S.A	259
'Others'		'Others'	
Germany	1,703	Spain	2,330
China	1,699	Egypt	2,260
France	1,600	China	2,223
Spain	1,518	U.K	2,197
Egypt	1,285	France	2,138
Canada	828	Germany	1,755
UAE	783	Netherland	1,319
U.K.	636	Greece	983
Netherland	440	UAE	845
Kuwait	368	Hong Kong	843
Total for 'Others'	10,857		16,891
Others not Listed	2,941		4,803
Grand Total	14,492		22,195

Note: MY 2008 refers to Indian Fiscal Year (IFY) 2008/09 (April-March) as most exports happen during October through March.

Source: MY 2008 - Export figures from DGCIS, Ministry of Commerce.

MY 2009 - Provisional Trade Estimates

Table 9: Almond and Walnut Tariffs

Commodity Code	Description	Import Policy	Basic Duty/2	Education Cess	Total Applicable Duty /5
HC 0802.11	Almonds Inshell	OGL /1	Rs 35/kg	Exempted /3	Rs 35/kg
HC 0802.12	Almond Kernel	OGL /1	Rs 65/kg	2+1%	Rs. 66.95/kg
HC 0802.31	Walnut Inshell	OGL /1	30/20% /4	2+1%	30.9/20.6% /4
HC 0802.32	Walnut Shelled	OGL /1	30/20% /4	2+1%	30.9/20.6% /4

Notes on Tariff:

/1: OGL (Open General License) – no quantitative restrictions.

/2: Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

/3: Almonds in-shell are exempted from the education cess.

/4: Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

/5: Method for computing Total applicable duty:

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * A

C: Education Cess (EC) = EC Rate * B

Total Applicable Duty = B+C